

Docket No.: 00-0441, 01-0381
and 02-0171 (Cons.)
Bench Date: 03-12-03
Deadline: N/A

MEMORANDUM

TO: The Commission

FROM: Larry Jones, Administrative Law Judge

DATE: February 24, 2003

SUBJECT: Illinois Commerce Commission
On Its Own Motion
-vs-
Union Electric Company

Reconciliation of revenues collected under Coal Tar riders with prudent costs associated with coal tar clean-up expenditures.

RECOMMENDATION: Entry of the attached draft order approving the reconciliations for the years in question, subject to Staff adjustments.

In the instant proceedings, the Commission entered separate orders commencing the above-referenced reconciliation proceedings, which are now consolidated. In those orders, Union Electric Company ("UE" or "Company") was directed to present evidence reconciling the revenues collected under its coal tar riders, also known as its environmental adjustment clauses ("EACs"), with prudent costs associated with coal tar clean-up expenditures for 2001 and the two previous calendar years.

UE has identified one MGP site, located at Alton, for which it has incurred or expects to incur environmental cleanup costs as a potentially responsible party ("PRP") under state and federal law.

EAC costs incurred in each of the years in question were reflected in reconciliation filings which are the subject of the instant dockets. For each annual period, these costs are reconciled with EAC revenues from ratepayers. UE also provided an estimated range of costs for future remediation work at Alton.

The Commission Staff reviewed UE's reconciliation of revenues and expenditures, as well as the reasonableness of UE's remediation activities and expenditures.

A cumulative summary of EAC costs and recoveries, through December 31, 2001, is shown in UE and Staff exhibits. UE's witnesses also described the remediation-related activities at the Alton site for each reconciliation year. To date, these activities, and associated costs, have involved investigation of the site and evaluation of remediation alternatives.

Upon giving effect to Staff's adjustments, cumulative EAC costs as of December 31, 2001, including the three reconciliation years and periods prior thereto, were \$480,046. Cumulative EAC recoveries through 2001 were \$481,262, for a cumulative over-recovery of \$1,216.

The attached draft order would approve the reconciliations in question, subject to the Staff adjustments.

LMJ/js